INDUSTRY, TOURISM and INVESTMENT

1. Department Overview

Mission

The Department of Industry, Tourism and Investment (ITI), in partnership with others, provides quality programs and services to promote and support Northwest Territories (NWT) economic prosperity and community self-reliance.

Goals

1. Promote and support a diversified economy that provides opportunities for NWT residents.
2. Promote and support the development of business opportunities, including agriculture, commercial fishing, traditional economy, tourism, trade, investment, manufacturing, and secondary industries.
3. Promote the sustainable development of natural resources that respects the conservation and protection of the environment for our future generations.
4. Promote and support the efficient development, utilization and marketing of energy resources to achieve self-sufficiency, maximize economic opportunities, and realize affordable energy costs.
5. Secure economic and employment opportunities from responsible resource development for NWT residents.
6. Develop partnerships with individuals, businesses, communities, Aboriginal organizations and other governments to foster prosperity and community self-reliance.

Operating Environment

Overview:

The NWT economy is dominated by trade, particularly diamond, oil and gas exports, mineral exploration and development, and tourism. Our rich resource base provides us with the economic base needed for growth, and much of the value from resource development originates with trade, construction and service businesses. These businesses benefit from mineral development and also provide communities with needed goods and services.

Issues affecting ITI:

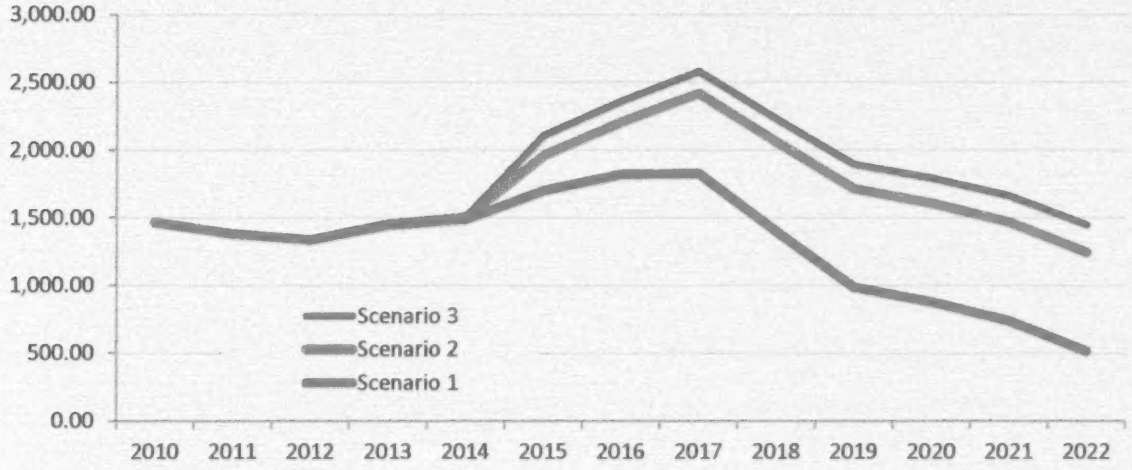
Limited mine life and potential for new mineral and oil and gas development

Investment in the NWT diamond mines and exploration for oil and natural gas has resulted in significant levels of economic growth, which brought opportunities for business and employment to residents; however, the lifespan of the operating mines in the NWT is finite.

ITI supports the development of an "Economic Impact Model", which is used to project the contribution of Gross Domestic Product (GDP) under three separate scenarios:

- Scenario 1 - Gahcho Kué mine starts in 2013;
- Scenario 2 - includes the Gahcho Kué development and four new mining projects; and
- Scenario 3 - includes all mining projects and oil and gas development in the Sahtu.

GDP - Impacts from Various Development Scenarios (2002 Chained $ Millions)



Difficulty attracting investment

Overall investment in the NWT has declined significantly since 2006, particularly in the mining, and oil and gas sectors. ITI is committed to developing a new Mineral Development Strategy and an Economic Development Strategy, which will outline the GNWT's approach to address some of the issues that currently limit investment in the NWT.

High cost of living and doing business in the NWT and regional disparities

Significant economic disparities exist between NWT regional centres and smaller communities. ITI continues to work with all regions and other GNWT departments toward programs to address this issue. Directly affecting the cost of living in NWT is the cost of electricity. The GNWT's subsidy programs partially offset this and ITI's focus on increasing the use of local, renewable and alternative energy sources will be a key priority in 2013-14. New technology investments could also have positive impacts across the NWT.

Need for economic diversification of the economy

Economic growth is projected to decline without continued development of the NWT's resources. Reliance on the resource sector emphasizes the need to diversify the NWT economy. While relatively small in terms of economic impacts, ITI is fostering opportunities to diversify and expand the film, arts and crafts, traditional economy, tourism, manufacturing and value added sectors, as well as general business expansion and investment.

Potential for Tourism growth

The tourism sector contributes more than $100 million to the NWT economy annually. Of all sectors, tourism presents the greatest likelihood of creating economic opportunities in each region and for each community. Continued investments by ITI in programs promoting marketing, Aboriginal tourism, community and industry engagement, infrastructure, skills development and research will be critical in increasing tourism numbers and visitors spending.

Challenges and opportunities in retail, trade, manufacturing and accommodation services

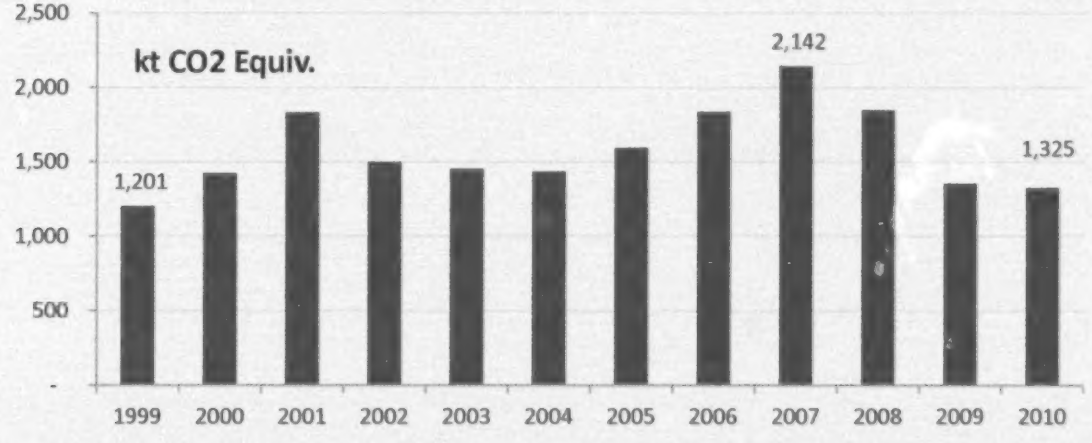
Manufacturing shipments have declined by 86 percent over five years; however, during that same period, retail sales and wholesale trade demonstrated strong growth compared to the Canadian average. ITI will continue to provide support through its very successful *Support to Entrepreneurs and Economic Development Policy* toward diversification of the economy. Accommodation services have experienced growth over the past few years to varying degrees, bolstered by ITI's Tourism 2015 Strategy. ITI continues to work with industry stakeholders to provide programs and support that will help these sectors meet the challenges and opportunities ahead in 2013-14.

Promoting sustainable development

Climate change has the potential to impact the NWT economy and the manner in which businesses and industry operate. As climate change has become a more significant factor in the NWT, ITI now includes greenhouse gas emissions within its economic indicators. The use of local energy sources such as hydro, natural gas, biomass, geothermal or wind should help to reduce the NWT's reliance on imported fossil fuels, which in turn should assist in diversifying and strengthening the NWT economy. ITI will continue to work with the Ministerial Energy Coordinating and Climate Change Committee-of-Cabinet on the various initiatives toward energy sustainability.

Sales of refined petroleum products within the NWT between 2008 and 2010 have declined significantly.

NWT Greenhouse Gas Emissions since 1999



KEY ACTIVITY 1 – CORPORATE MANAGEMENT

Description

The Corporate Management activity consists of Directorate; Policy, Legislation and Communications; Corporate Costs; and Shared Services (Finance and Administration, and Informatics).

Directorate includes the Deputy Minister and the Assistant Deputy Minister, Programs and Operations. It guides the overall planning and execution of instructions from the Minister and the Legislative Assembly. The Deputy Minister and Assistant Deputy Minister provide strategic advice and support to the Minister and to the Department.

Policy, Legislation and Communications provides services related to policy, communications, Executive Council and Financial Management Board submissions, legislation, and intergovernmental and interdepartmental affairs. It is responsible for Access to Information requests and departmental trademarks and copyright. It also participates in land and resource management issues on behalf of ITI.

Corporate Costs captures department-wide costs such as lease payments, vehicle cost, building maintenance, and fuel.

Shared Services consists of the Finance and Administration and Informatics Divisions, providing services to the Departments of ITI and Environment and Natural Resources (ENR).

Finance and Administration provides financial management and administrative services to ITI and ENR. These services include providing advice to senior managers on financial management, financial control, financial submissions, contracts, and contributions.

Informatics is responsible for developing and maintaining information systems, databases and web systems that provide information to decision-makers and to the public. Services include:

- records management and library services;
- administration of Departmental image collection;
- geomatics and geographic information systems and analysis;
- information systems development, implementation and operations;
- internet and intranet development and support; and
- strategic advice and guidance on the use of information and technology in support of programs and services.

KEY ACTIVITY 2 – MINERALS AND PETROLEUM RESOURCES

Description

The Minerals and Petroleum Resources activity consists of the Minerals, Oil and Gas Division (MOG); the Mackenzie Valley Petroleum Planning Office (MVPPO); and Industrial Initiatives. MOG includes the Northwest Territories Geoscience Office (NTGO), funded and managed jointly with the federal government. The five **Regional Offices** across the NWT ensure that businesses and entrepreneurs receive access to the programs and resources, to help maximize the benefits from development in their regions.

MOG encourages and supports responsible resource exploration, investment, production and associated secondary economic activity to ensure that NWT residents benefit from the development of the NWT's mineral and petroleum resources.

NTGO's mandate is to undertake original geoscience studies to maintain comprehensive geoscience information about the NWT and to provide advice to individuals, communities, governments and industry. Working in partnership with the Department of Aboriginal Affairs and Northern Development Canada, MOG maintains and staffs the NTGO.

MOG is also responsible for negotiating agreements guaranteeing Approved NWT Diamond Manufacturers (ANDM) access to rough diamonds produced by NWT mines and for ensuring implementation of those agreements. MOG administers the Diamond Policy Framework, manages the GNWT Diamond Certification Program, and negotiates and administers agreements that license the use of GNWT diamond trademarks by ANDM.

The **MVPPO,** based in Hay River, coordinates GNWT planning and response related to petroleum resources in the NWT including the Mackenzie Gas Project (MGP). This includes regulatory processes and strategic planning to ensure benefits accrue to NWT residents. MVPPO is responsible for analysis, policy development and implementation in regards to developments associated with petroleum resource developments, and manages various contribution funding programs to help NWT residents, businesses and Aboriginal groups prepare for the associated opportunities and challenges. MVPPO is also responsible for external and internal petroleum resource communications and strategic relationships.

Industrial Initiatives leads the negotiation of GNWT socio-economic agreements (SEAs) with industry, and monitors industrial activities in coordination with communities and industry. Industrial Initiatives provides expert GNWT socio-economic impact analysis during the environmental assessment of non-renewable resource development projects in the NWT, monitors implementation of SEAs, manages the annual publication of GNWT reports required under the SEAs, and coordinates research in best practices for NWT benefits from present and future initiatives.

Performance Measures

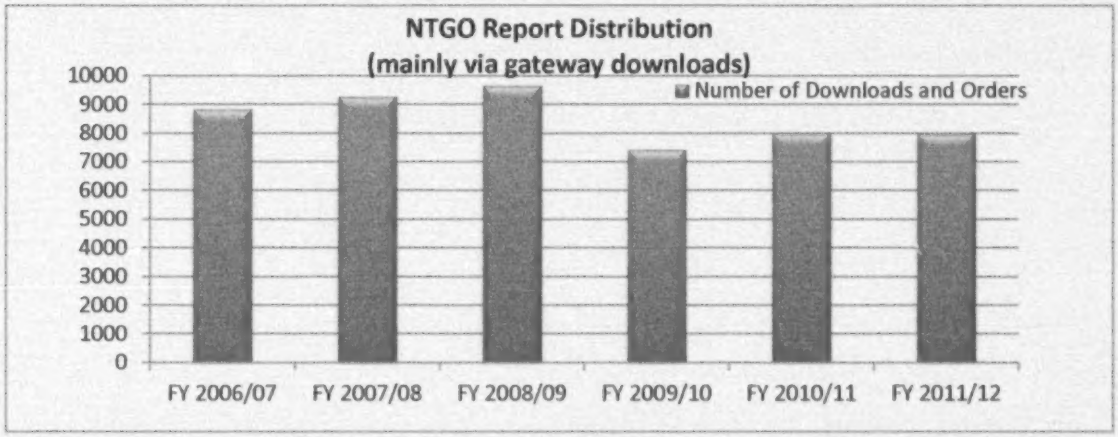
MOG

MOG lead efforts to promote and support the sustainable development of mineral and oil and gas resources throughout the NWT. This was accomplished through participation in four broad land use planning initiatives (Protected Areas Strategy, National Parks, Sahtu Land Use Plan and Gwich'in Land Use Plan), five resource project environmental reviews (Prairie Creek, Gahcho Kué, Yellowknife Gold, Nico and Thor Lake) and two natural resource-related legislative and policy initiatives (NEB Offshore Drilling Review and sessions on hydraulic fracturing). MOG also supported meetings with five major oil and seismic companies with exploration interests in the Sahtu Shale Oil play, and regularly monitored all major commodity markets, with added attention to the complex global markets for rough and polished diamonds.

MOG contacted 28 global diamond manufacturers to solicit interest in manufacturing NWT-mined diamonds and establishing new secondary manufacturing facilities in the NWT. Discussions are ongoing with companies who have developed business plans to bring new diamond manufacturing positions to the NWT.

NTGO

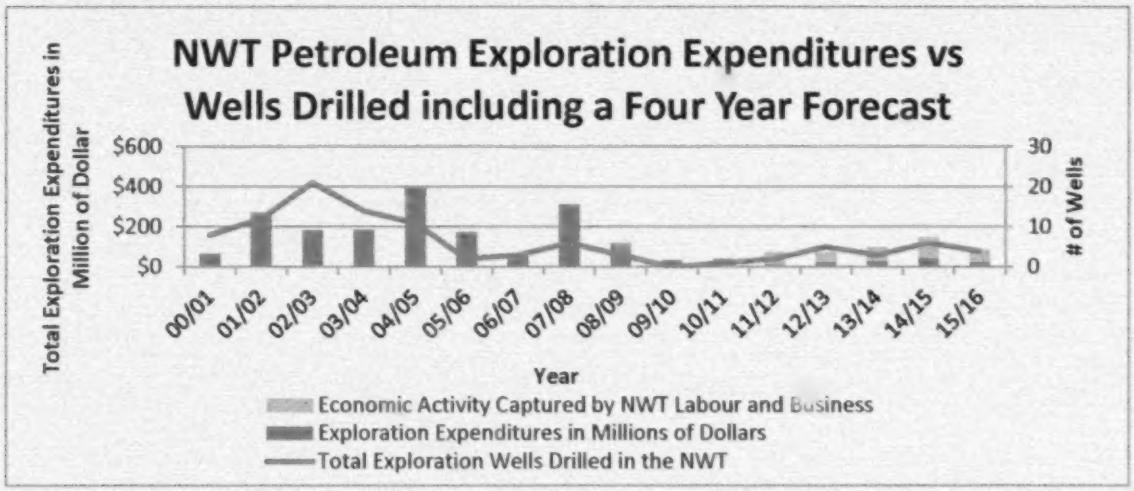
NTGO was very successful in leading efforts to better understand the geology of the NWT and sharing geoscience information with stakeholders. In 2011-12 NTGO funded 14 field programs, aimed at furthering geological understanding of potential mineral-bearing formations across the NWT. Geoscience information was disseminated mainly through electronic databases and visits to the NTGO by stakeholders. In 2011-12 over 1.08 million megabytes of information was downloaded from the various information systems; which represents over 7,000 individual information accesses by explorers, academics and other mining, oil and gas stakeholders.



MVPPO

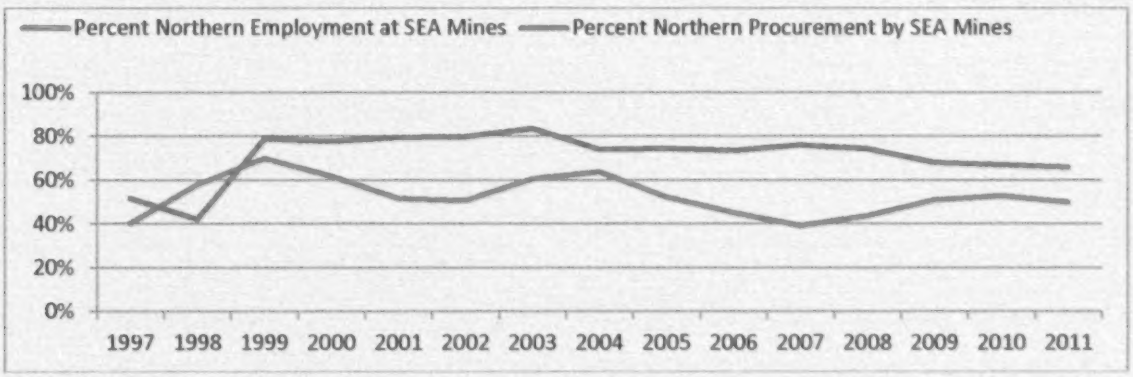
It is important to measure the percentage value of the economic benefits, captured by NWT residents and businesses through employment, contracting and material purchases in support of petroleum exploration activity in the NWT.

It is expected that economic benefits should increase over time through the implementation of targeted GNWT programs and support to assist in increasing training, employment and contracting results achieved for NWT residents and businesses. The MVPPO also follows the number of exploration wells drilled each year as this is a major determinant of the total exploration expenditure in a given year. In 2011-12 the rate of economic benefit capture of NWT petroleum exploration expenditures by northern residents and businesses for employment and contracting opportunities was estimated at 70 percent.



INDUSTRIAL INITIATIVES

For the year ending 2011, there were 1,561 northern person years employed at the mines with which we have SEAs. Cumulatively since 1996, there has been more than 18,000 northern person years and over 9,000 northern Aboriginal person years of employment at these mines. Since 1996, SEA mines bought over $9 billion in goods and services from northern businesses.



Other Initiatives

Energy and Mines Ministers Conference - In 2012-13 preparations began for the NWT to host the 2013 Energy and Mines Ministers Conference in Yellowknife. The conference is the largest Federal/Provincial/Territorial conference of its kind, and provides the NWT a great opportunity to showcase the NWT and its resource potential.

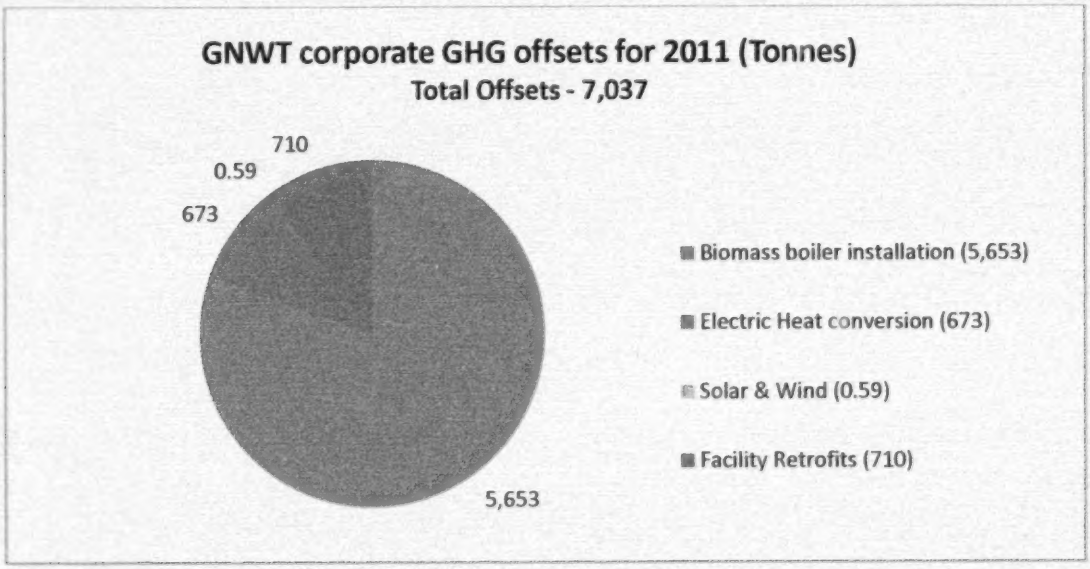
KEY ACTIVITY 3 – ENERGY

Description

The **Energy Planning** Division coordinates the GNWT's overall energy planning and policy development, including the advancement of hydro initiatives in the NWT. It also coordinates public consultation and communications related to energy planning and policy development, and provides secretariat services to the Ministerial Energy Coordinating and Climate Change Committee-of-Cabinet (MECC).

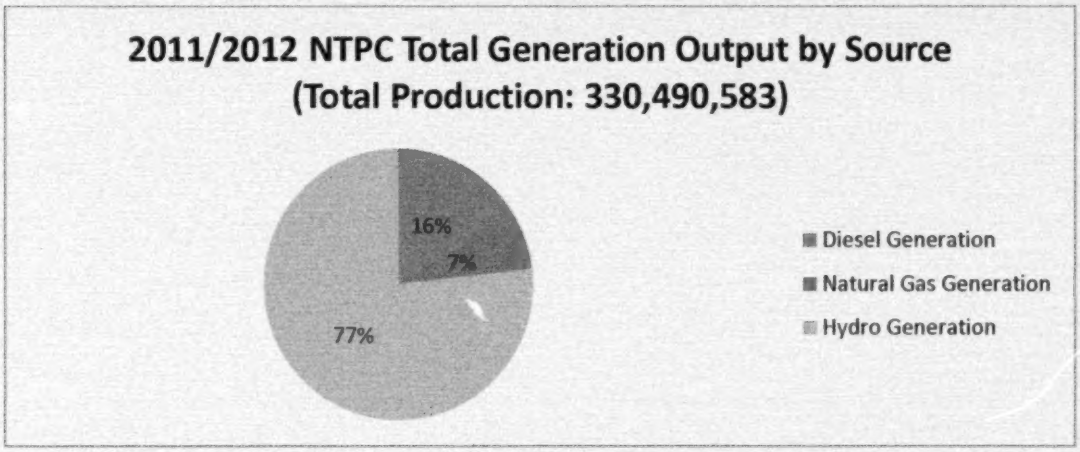
Performance Measures

The GNWT offset its overall corporate greenhouse gas (GHG) emissions by 7,037 tonnes during the 2011 calendar year. These are emissions that would otherwise have been emitted if the business-as-usual (fossil fuel use) case proceeded. The following pie chart demonstrates a breakdown of these emissions offsets by category, as reported by the Department of Environment and Natural Resources. The GNWT emitted 40,400 tonnes of carbon dioxide in the 2011 calendar year.

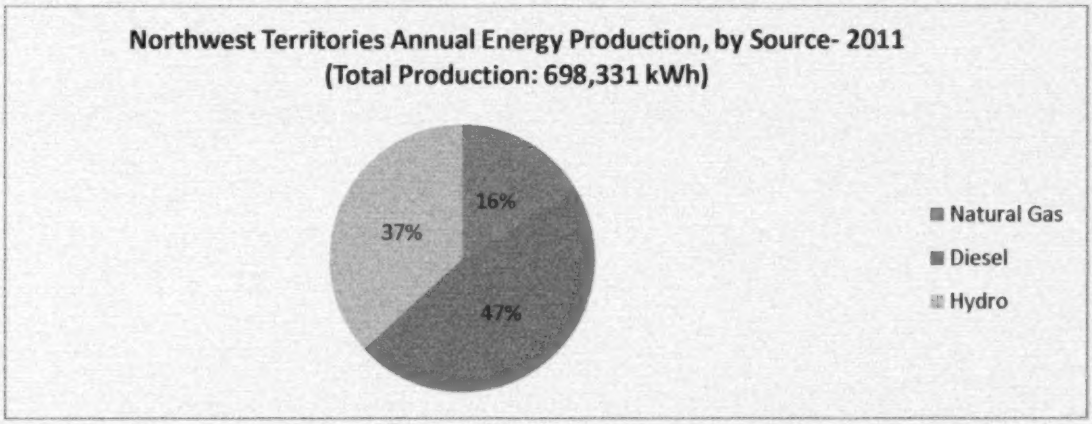


The GNWT is the sole shareholder of the Northwest Territories Power Corporation (NTPC) and ITI-Energy Planning is responsible for coordinating strategic direction to the utility. In fiscal year 2011-12, NTPC supplied 253,874,000 kilowatt hours (kWh) of hydro-electricity into the NWT power system. NTPC also supplied 54,221,779 kWh of diesel generated electricity, and 22,394,804 kWh of natural gas generated electricity.

The following pie chart demonstrates a breakdown of NTPC's generation sources by type for the 2011-12 fiscal year, as reported by NTPC:



In calendar year 2011, across the NWT, 116,181,000 kWh of natural gas generated electricity was supplied to the NWT power system, as well as 325,455,000 kWh of diesel generated electricity, and 256,695,000 kWh of hydro-electricity. This includes industrial electricity consumption, which comprises 52 percent of total electricity production in the NWT. Below is a pie chart that demonstrates total production, as reported by Statistics Canada:



A variety of factors, including weather patterns, demand and supply patterns, affect the above indicators. Through the 2013 NWT Energy Plan, further territory-wide measurements can be devised in order to better monitor the growth and development of the renewable energy economy, as well as the GHG offsets and reductions occurring across the NWT.

KEY ACTIVITY 4 – TOURISM AND PARKS

Description

ITI develops and implements NWT tourism strategies with partners in the tourism industry. The **Tourism and Parks** Division provides support for tourism marketing, and conducts research, training, planning and product development. The Division, along with ITI's **Regional Offices**, develops, operates and maintains public tourism facilities, including a system of NWT parks that supports and promotes tourism.

Performance Measures

Tourism data and statistics are collected annually, typically on the fiscal year cycle (April 1 through March 31). The tourism sector in the NWT is the territory's largest renewable resource industry, contributing more than $99 million to the NWT economy during the 2011/2012 fiscal year. Of all sectors, tourism presents the greatest likelihood of creating economic opportunities in each region and for each community, especially in the smaller communities.

Tourism numbers and revenues have decreased across Canada as a result of the global economic downturn. The number of leisure visitors to the NWT decreased by less than one percent (or 250 people). Business traveller numbers have also fallen by about two percent, but the numbers are expected to stabilize for 2013. Despite the decline in visitor numbers however, visitor spending increased by $1.3 million over last year (2010/2011) to $99.5 million.

As the Canadian economy recovers, there are signs that the situation is getting better in the NWT. Increased numbers of visitors are taking guided fishing tours, a 9.6 percent increase in the number of hunters, and strong gains in aurora viewing, as well as in outdoor adventure tourism. In general, leisure visitors are spending more money per person during their visits now than they have in the last five years.

	Visitor Statistics					Visitor Spending (millions)				
Main Purpose of Travel	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Aurora Viewing	7,300	5,500	5,400	6,800	7,400	$ 9.6	$ 7.3	$ 7.2	$ 9.4	$ 10.2
Fishing	7,500	7,300	6,400	5,000	4,700	$ 17.5	$ 17.0	$ 12.6	$ 11.8	$ 12.9
General Touring	15,100	14,800	14,500	12,900	13,400	$ 8.5	$ 8.3	$ 8.1	$ 10.5	$ 10.9
Hunting	980	940	760	440	480	$ 13.0	$ 12.5	$ 10.1	$ 4.2	$ 4.6
Outdoor Adventure	2,100	2,100	1,900	1,900	2,300	$ 6.9	$ 6.8	$ 6.1	$ 6.5	$ 5.2
Visiting Friends & Relatives	11,700	9,300	12,900	13,400	11,800	$ 5.0	$ 4.0	$ 5.4	$ 6.3	$ 7.2
Total Leisure Visitors	44,680	39,940	41,860	40,440	40,080	$ 60.5	$ 55.9	$ 49.5	$ 48.7	$ 51.0
Business Travel	34,900	33,600	26,200	24,800	24,300	$ 77.4	$ 74.6	$ 58.1	$ 49.5	$ 48.5
Total Visitors	**79,580**	**73,540**	**68,060**	**65,240**	**64,380**	**$ 137.9**	**$ 130.5**	**$ 107.6**	**$ 98.2**	**$ 99.5**

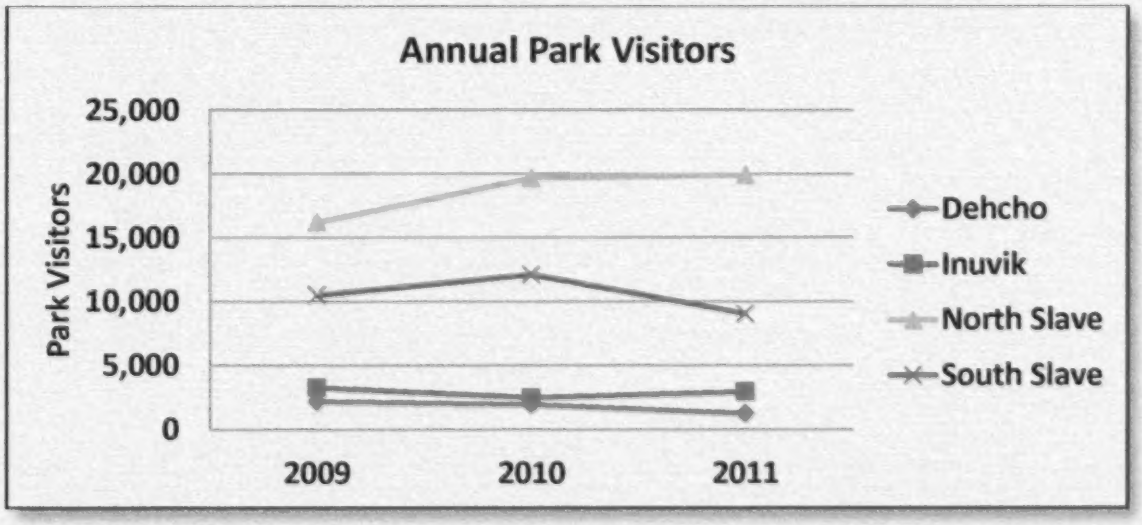
In 2010-11, through ITI's Tourism Product Diversification Program, 23 tourism products were created or expanded through businesses and organizations with an ITI investment of $1.07 million. An additional 12 tourism products were created or enhanced in the 2011-12 fiscal year, with an investment of $900,000.

ITI also works with the tourism industry and other areas of government to help train and build capacity in the NWT tourism industry. Through the Tourism 2010 and Tourism 2015 tourism plans, in the past two years ITI has offered 36 courses and trained 408 tourism industry professionals in courses including *Welcome NWT, NorthernMost Host,* and *Small Vessel Operator Proficiency*. Also in the past two years, ITI has helped create or expand five tourism attractions, including golf course expansions, community trail developments and museum enhancements.

Investments have also been made to develop and enhance infrastructure, services and programs offered at the Territorial Parks over the past two years. As seen in the table below, there has been a small fluctuation in the number of park users in the territory as a whole, but on a regional level, the fluctuations are more significant.

	Camping Visitors			Day Use Visitors		
Region	**2009/10**	**2010/11**	**2011/12**	**2009/10**	**2010/11**	**2011/12**
North Slave	10,720	11,338	11,704	5,452	8,324	8,221
South Slave	9,202	10,516	8,374	1,282	1,591	668
Dehcho	1,841	1,692	1,188	320	228	39
Inuvik	2,765	2,109	2,509	497	354	417
Total	**24,528**	**25,655**	**23,775**	**7,551**	**10,497**	**9,345**

The numbers of visitors to the NWT's territorial parks continued to rebound in 2011 as the global economy slowly recovered. 2009 saw 32,079 visitors to the NWT, while 2011 saw 33,120 visitors. ITI tourism and park initiatives will continue in 2013-14 to bolster that rebound.



KEY ACTIVITY 5 – ECONOMIC DIVERSIFICATION AND BUSINESS SUPPORT

Description

ITI encourages investment in the NWT by providing economic analysis, and regional market and economic data for both business and government. It also supports informed decision-making by providing market intelligence, sector information, and opportunity studies. In conjunction with the NWT Business Development Investment Corporation (BDIC) and Community Futures Development Corporations, ITI provides business advice and access to investment capital. These activities are delivered through the **Investment and Economic Analysis Division** and **Regional Offices**, the NWT BDIC, and Community Futures Organizations.

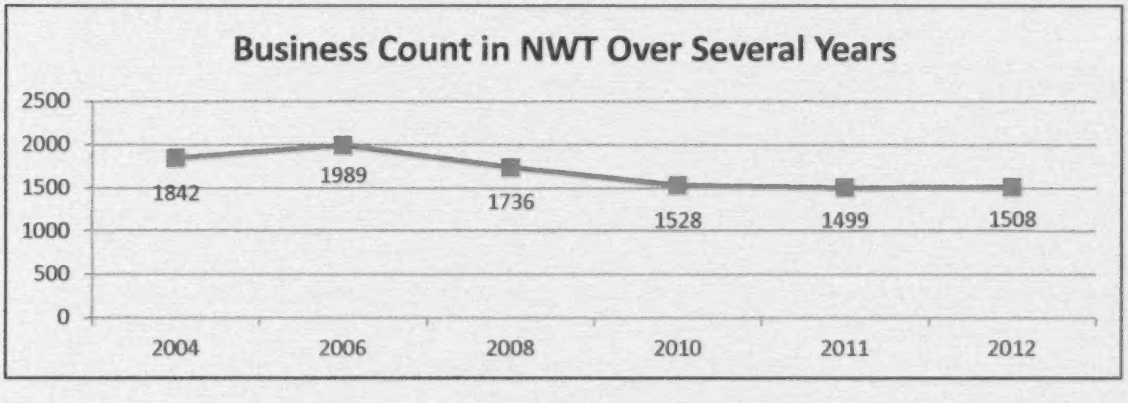
ITI Regional Offices supply program guidance, support, advice, and assistance at the community level. Regional representatives are experienced, knowledgeable and well networked with organizations, financial institutions, and government departments and agencies. ITI works with business associations such as the NWT Chamber of Commerce and NWT Construction Association, as well as with professional associations, to promote the NWT as a place to work, invest and live.

Investment and Economic Analysis leads the development of programs and initiatives in support of the NWT's **Traditional Economy**. Specific programs support arts and fine crafts, agriculture, fisheries, trapping and commercial game harvesting. Staff in Regional Offices implement the traditional economy programming.

This Division is also the GNWT lead on **Trade Matters**, including involvement with discussions on the Agreement on Internal Trade, Pacific Northwest Economic Region, Comprehensive and Economic Trade Agreement with the European Union. It is also responsible for the administration of the GNWT Business Incentive Policy (BIP), the GNWT Contracts Registry and Reporting System, which promote business opportunities for contracting with the GNWT.

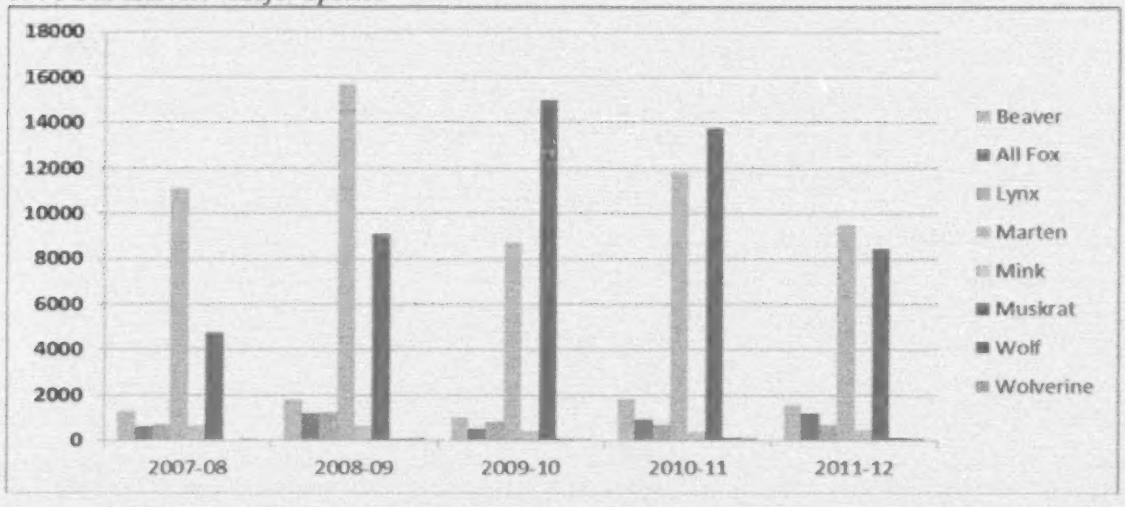
Performance Measures

In the 2010/2011 fiscal year, ITI provided $3.6 million in SEED Policy contributions to 418 individuals, businesses and organizations in the NWT. There were 1,508 businesses operating in the NWT in 2012 as of June, 2012.

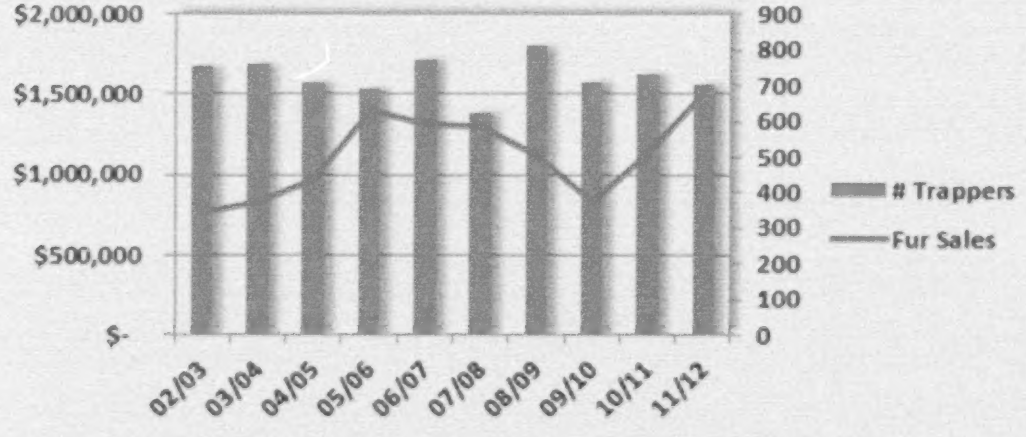


The tables below provide a comparison of yearly activity by trapper count and by amount and type of fur caught and produced annually. Since 2005 the number of trappers in the NWT has remained fairly constant, with 743 trappers operating in the NWT in 2011. Between 2007 and 2011 the number of furs harvested in the NWT also stayed fairly constant, with Marten and Muskrat pelts registering the highest participation by far.

NWT Fur Harvest - Major Species



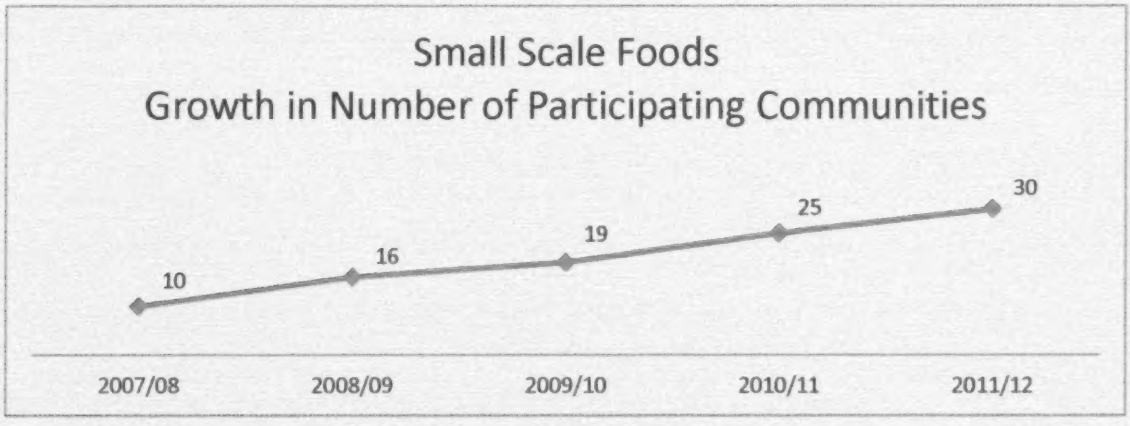
Gross Fur Sales and Number of Trappers - 10 Years



The fish harvest was down by 37 percent in 2010-11 from 2005-06, and market values of the harvest were $2.1 million.

Due in large measure to the Small Scale Foods Program, the agriculture sector in the NWT has seen a significant expansion. Up until 2004-05, the NWT agriculture sector was concentrated in Hay River, Fort Smith and Yellowknife. Today, there is food production in 30 communities in the NWT. Production ranges from small community run gardens facilitated through the Small Scale Foods Program, garden co-operatives, and personal and commercial greenhouses.

The following chart represents the increasing number community gardens established in the NWT over the past four years.



Beyond garden production, the NWT is also producing 3.1 million dozens annually of eggs, which is equivalent to 121,000 layers, as well as roughly 500-600 kilograms of poultry.

ITI, in collaboration with the Territorial Farmers Association, is surveying all communities to determine productive capacity by area, in an effort to estimate total volumes of production.

The NWT Manufactured Products Policy, established under the BIP, provides an incentive in favour of NWT manufactured products in a manner that recognizes the higher cost of operation and manufacturing in the NWT. In 2013-14, ITI will continue to promote and encourage manufacturing in the NWT as a means to help diversify the NWT economy.

The chart below lists the products approved under the NWT Manufactured Products Policy.

PRODUCT	MANUFACTURER	LOCATION
Signs: • Standard Traffic • Parks/Interpretive • Exterior Building • Project	Poison Painting	Hay River
Industrial Modular Structures	Concept Energy Services Ltd.	Hay River
Steel Plate Girder Bridges	King Manufacturing	Hay River
	Northern Transportation Company Ltd.	Hay River
Steel Tanks	King Manufacturing	Hay River
	Northern Transportation Company Ltd.	Hay River
	Paul Brothers Welding Ltd.	Yellowknife
Fibreglass Tanks	Fibreglass North	Yellowknife
Roof Trusses	Energy Wall and Building Products Ltd.	Yellowknife
Windows	Arctic Front Windows	Hay River

2. Responding to Priorities

The Department of Industry, Tourism and Investment has an extensive mandate that addresses three of five of the priorities identified by the 17th Legislative Assembly. Activities towards those priorities include:

Priority 1 - Building a Strong and Sustainable Future for our Territory

Description

Strengthening our relationships with Aboriginal and other northern governments.

Major Program and Service Initiatives Planned for 2013-14

Partnering with community and Aboriginal governments to improve program and service delivery where possible, including: supporting the Aboriginal Pipeline Group to realize their one-third **Mackenzie Gas Project (MGP)** ownership interest; providing support to private businesses and the Sahtu Aboriginal land claims organizations in order for them to respond to increased employment and contracting opportunities associated with emerging petroleum exploration activities in the Central Mackenzie Region; supporting **GNWT devolution** efforts and building collaborative working relationships; and developing of an Aboriginal tourism sector in the NWT, including supporting the establishment of the **Aboriginal Tourism Champions Advisory Council**.

Additional initiatives include: consulting with Aboriginal governments on development of legislation, policies and programs; providing grants and contribution funding to NWT communities Community Economic Development Officers through the **Community Transfer Initiative**; providing expert advice to communities and Aboriginal organizations on mineral and energy resources; working with Aboriginal governments to obtain **traditional knowledge** and environmental baseline data for NWT rivers for potential **hydro development**; and supporting seven **Community Futures** Development Corporations in the NWT through annual operational contributions.

Description

Working with our partners to ensure responsible stewardship through our land and resource management regime.

Major Program and Service Initiatives Planned for 2013-14

Participating with partners and stakeholders in regional land use planning; identifying and establishing protected areas through the **NWT Protected Areas Strategy**; and providing technical and policy advice to inform development of National Parks through the **Mineral and Energy Resource Assessment** process.

Additional initiatives include: engagement in environmental assessments for development across the NWT; leading interventions before the National Energy Board (NEB) on oil and gas development in the NWT; engaging with communities on commitments derived from the NEB and Joint Review Panel processes; funding and participating on the **Diavik Communities Advisory Board**; and developing and monitoring **socio-economic impacts** associated with mining, which are monitored and reported in the Communities in Diamonds reports annually.

Other ITI planned activities to support this priority include:

- Development of a renewed **NWT Energy Plan** that will outline GNWT energy priorities for 2013-14 and beyond.
- Continuing to fund and work closely with the NWT Energy Corporation, who leads the planning and development of **NWT hydroelectric resources** and has recently undertaken technical analysis in **renewable and alternative energy**, including biomass, geothermal and solar.
- Working in cooperation with other bodies toward the development of an **NWT Power System Plan** and regional hydro initiatives.

PRIORITY 2 - INCREASE EMPLOYMENT OPPORTUNITIES WHERE THEY ARE MOST NEEDED

Description

Reducing dependency on government by encouraging people able to enter the workforce

Major Program and Service Initiatives Planned for 2013-14

Monitoring northern employment, transportation and business commitments by industry in socio-economic agreements (for the BHP Billiton Ekati Mine, Diavik Diamond Mine, De Beers Snap Lake Mine, MGP, and Prairie Creek Mine). The GNWT and the three operating mines entered into a **Workforce MOU** in 2008 that has now expired. Discussions will continue in 2013-14 regarding a replacement for the MOU and continued collaboration between the GNWT and the operating mines.

Four non-renewable resource projects will be undergoing **environmental assessments and regulatory review** in 2013-14. These are the De Beers Gahcho Kué Diamond Mine, the Fortune Minerals NICO Project, the Avalon Rare Metals Thor Lake Rare Earth Element Project, and the Tyhee Yellowknife Gold Project. Developer commitments regarding NWT employment are being made in each of these regulatory processes. It is anticipated the GNWT will confirm these industry commitments in additional SEAs.

Other ITI planned activities to support this priority include:

- Supporting the **regulated and revitalization of the egg industry** in the NWT, and increased investment in building of local and territorial market awareness of and serving local markets with meat, fish, eggs, and produce from communities throughout the NWT;
- Promoting **ITI's contribution programs** designed to assist current business operations, build capacity, develop new products and skills and develop entrepreneurs;
- **NTGO mapping and sampling programs** located in the Mackenzie Mountains, the Central Mackenzie Valley, Colville Hills the Great Bear Lake areas and in the Slave Geological Province;
- **Tourism 2015**, ITI's tourism strategy, is designed to help establish and promote tourism opportunities, operators and products, which will have a positive impact on the NWT current and future workforce, with a focus on marketing, Aboriginal tourism, community and industry engagement, infrastructure, skills development, and research and planning;
- **Genuine Mackenzie Valley Fur Program** is designed to work in partnership with NWT harvesters and the fur industry to support and promote the NWT's traditional fur economy and residents wishing to live and work in a traditional employment lifestyle;
- Designing, developing and incorporating new indicators for **measuring impacts of investments**, specifically in agriculture and more broadly in local food production sectors;
- Providing supporting roles in the development of the **NWT Anti-poverty Strategy** and **NWT Labour Force Development Framework**; and
- The **MVPPO** will provide government-wide planning and coordination support to maximize the northern employment and business benefits for all NWT regions associated with the **increased petroleum exploration activity in the Sahtu Region.**

PRIORITY 3 - STRENGTHEN AND DIVERSIFY OUR ECONOMY

By far the largest involvement for the Department towards the priorities of the 17th Legislative Assembly is in this particular priority, with numerous initiatives, as follows:

Description

Hydro Initiatives

Major Program and Service Initiatives Planned for 2013-14

Draft Hydro Strategy includes environmental, engineering and financial analysis, as well as alternative energy – solar, wind, biomass, geothermal. Work will continue to gather baseline data required to prepare for future hydro development in the NWT, including the establishment of water monitoring stations.

Description

Supporting the MGP

Major Program and Service Initiatives Planned for 2013-14

Providing **contribution funding to the Aboriginal Pipeline Group** to support their one-third MGP ownership interest and contributions to Aboriginal organizations in the NWT to support capacity building; coordinating and implementing GNWT responsibilities regarding legislated regulatory processes; and developing strategic plans and actions in anticipation of the challenges and opportunities generated through developments that will follow the construction of the MGP.

Description

Developing a socially responsible and environmentally sustainable economic development and mining strategy

Major Program and Service Initiatives Planned for 2013-14

For 2013-14, two separate strategies are being developed to address this priority:

1. A new **Economic Development Strategy** for the NWT, which is expected to provide broad comment on a wide range of economic matters. ITI will be engaging with other partners in the development of the Strategy, including the Canadian Northern Economic Development Agency, the NWT Chamber of Commerce, the NWT Association of Communities, and the Northern Aboriginal Business Association; and
2. A new **NWT Mineral Development Strategy**, which is expected to be more specific and detailed with respect to the particular sector. The Strategy will be prepared in collaboration with partners including the NWT Chamber of Mines and the Department of Aboriginal Affairs and Northern Development Canada (AANDC).

Description

Supporting the traditional economy

Major Program and Service Initiatives Planned for 2013-14

Administering programs that support the **traditional economy** such as: Take a Kid Trapping; Take a Kid Harvesting; Genuine Mackenzie Valley Fur Price Program; Community Harvesters Assistance Program; Agriculture Development Infrastructure Program; Commercial Fishery Assistance; Commercial Harvesting, Processing and Marketing of Fish and Meat in the NWT; Hunters and Trappers Disaster Compensation; Local Wildlife Committees; and the Western Harvesters Assistance Program.

Description

Improving our regulatory processes

Major Program and Service Initiatives Planned for 2013-14

Provide input in **regulatory improvement initiatives** to provide a strong policy base for negotiation of a final Devolution Agreement and supporting the GNWT devolution efforts.

Description

Tourism and Parks Initiatives

Major Program and Service Initiatives Planned for 2013-14

Tourism 2015 is in its second year of program delivery and will focus on Aboriginal Tourism development, youth engagement and business mentorship, and leveraging partnerships for investments in public tourism infrastructure. This tourism initiative is one of ITI's tools to help diversify the NWT economy, which is especially relevant in the smaller communities. **Tourism Product Diversification and Marketing Program** funds business planning, product development and marketing of new or expanded tourism products with a focus on experiential tourism and has been highly successful in developing new tourism product throughout the NWT.

The **Sport Hunt Outfitter Marketing Support Program** provides assistance to outfitters in the North Slave and Inuvik Regions to mitigate the impacts of tag bans for outfitted caribou hunts and the ban on imports of polar bear hides into the United States. Mitigation projects include development and marketing of alternate tourism products, and maintenance of remote camps in anticipation of the re-instatement of tags for caribou hunts, and initiatives designed to bolster the capacity and viability of this important industry. The Department of Environment and Natural Resources advises that updated survey results for barren ground caribou will be available in the fall of 2012. This data, along with input from co-management partners and the public, will inform future management actions regarding tag allocation, including the availability of tags for outfitted caribou hunts.

ITI and NWT Tourism are working with Transport Canada to address the challenges that NWT tourism operators have in complying with compulsory **federal marine safety training** requirements for tourism operations that involve boats. All parties are working to ensure the marine safety training requirements are more applicable to the tourism operators in the NWT.

ITI continues to **improve its system of territorial parks throughout the NWT** by focusing on key products and services that help attract visitors to the parks every year. Some of the Parks initiatives include the Parks Marketing Initiative in cooperation with NWT Tourism, the Online Reservation System, the Cultural Interpretation Program, and numerous investments into current and growing infrastructure.

Research and Planning is a central function for ITI is used to determine the economic impact of tourism; report national and international trends affecting tourism and travel; identify emerging trends and satisfaction levels within the territorial parks system; determine who our visitors are and how to communicate with them; and conduct ad hoc research when issues affecting travel and tourism arise. The information is used by all levels of the government, businesses, industry, and tourism associations.

Description

Economic Diversification

Major Program and Service Initiatives Planned for 2013-14

Through ITI's **SEED Policy**, ITI provides contributions to individual entrepreneurs, local community organizations, and small to medium sized businesses. Contributions are provided for business start-up, improving capacity or skills, equipment or helping small communities to expand their economies. SEED funding is delivered through ITI's Regional Office network and the allocations are fully subscribed every year. Targeted funding for arts and fine crafts, the film industry and the Prospectors Grubstake Program are provided through the SEED Policy.

Programs within the SEED Policy that will help to diversify the NWT economy are:

1. Entrepreneurial Support
2. Sector Support
3. Community Economic Development
4. Micro Business
5. Business Intelligence and Networking

Other ITI planned activities to support this priority include:

- Assist in providing information and advice to NWT residents with regard to the **hydraulic fracturing of unconventional oil and natural gas resources**
- Coordinate a Departmental response to the proposed **amendments to the *Canada Oil and Gas Operations Act***
- Work leading to a policy decision on **Community Natural Gas Conversion**

- Provide support to **NWT diamond manufacturers** through the Diamond Policy Framework with the goal of having a minimum of two facilities operating in the NWT in the 2013-14 fiscal year; and supporting the marketing and promotion of NWT diamonds through the **GNWT Diamond Certification Program** and licensing of GNWT trade-marks, including the Polar Bear Diamond trade-marks.
- The **Tourism Impact Model**, which calculates the impact of tourist expenditures on gross domestic product, will allow ITI to assess the impact of tourism on the economy as well as the impact of changing visitor numbers
- The **Economic Impact Model** will measure population, employment and GDP impacts. Future development will involve expanding the model to include oil and gas investments, as well as linkages with greenhouse gas emissions
- ITI will continue to support the industry by **promoting the NWT as a filming destination** and offering assistance to productions filming in the NWT
- ITI is working with communities, CanNor and industry to flesh out the **potential of an industrial park development (hydromet)** as an exciting new economic opportunity for the South Slave Region
- The **National Marketing Campaign** is an awareness strategy, campaign and tactical plan to promote the NWT as a great place to live and work. The campaign will continue with its award winning website presence
- ITI will continue to **promote NWT Artists** to increase the economic impact and production of arts products in the NWT and maximize the delivery of programs and services to NWT artists
- The newly established **MVPPO** will continue to provide focused government-wide planning, coordination and communications support to help maximize the benefits and minimize the adverse impacts from the development of petroleum resources and associated activities in the NWT, with an immediate focus on the increased exploration activity related to the emerging **Sahtu Region oil and gas activity**

3. RESOURCE SUMMARY

DEPARTMENTAL SUMMARY

	(thousands of dollars)			
	Proposed 2013-14 Main Estimates	2012-13 Revised Estimates	2012-2013 Main Estimates	2011-12 Actuals
Operations Expense				
Corporate Management	7,791	7,745	7,745	7,682
Minerals and Petroleum Resources	6,481	6,802	6,802	5,612
Energy	469	1,619	1,619	4,104
Tourism and Parks	11,282	11,172	11,172	11,600
Economic Development and Business Support	21,835	22,222	22,222	21,410
Total Operations Expense	**47,858**	**49,560**	**49,560**	**50,408**
Revenues	**92**	**1,137**	**1,137**	**84**

HUMAN RESOURCE SUMMARY

	Proposed 2013-14	2012-13	2011-12	2010-11
Total Number of Positions	171	171	169	166

Appendix I – Financial Information

Operations Expense Summary

	2012-13 Main Estimates	PROPOSED ADJUSTMENTS: FG Collective Bargaining NA	Forced Growth	New Initiatives	Sunsets and Other Approved Adjustments	Internal Reallocation of Resources	2013-14 Business Plans
Corporate Management							
Directorate	**2,923**						**2,923**
Policy, Legislation and Communication	**1,151**		150				**1,301**
Corporate Costs	**1,343**						**1,343**
Shared Services	**2,254**				(104)		**2,150**
Amortization	**74**						**74**
Total Corporate Management	**7,745**	**0**	**150**	**0**	(104)	**0**	**7,791**
Minerals and Petroleum Resources							
Mackenzie Valley Petroleum Planning	**2,026**				(643)		**1,383**
Industrial Initiatives	**774**		70				**844**
Minerals, Oil and Gas	**3,987**		252				**4,239**
Amortization	**15**						**15**
Total Minerals and Petroleum Resources	**6,802**	**0**	**322**	**0**	(643)	**0**	**6,481**
Energy							
Energy Planning	**1,619**				(1,150)		**469**
Total Energy	**1,619**	**0**	**0**	**0**	(1,150)	**0**	**469**
Tourism and Parks							
Tourism and Parks	**10,355**		154		(3)		**10,506**
Amortization	**817**				(41)		**776**
Total Tourism and Parks	**11,172**	**0**	**154**	**0**	(44)	**0**	**11,282**
Economic Development and Business Support							
Investment and Economic Analysis	**13,731**		173		(560)		**13,344**
Traditional Economy	**4,278**						**4,278**
Regional Petroleum	**460**						**460**
NWT Business Development Corp.	**3,704**						**3,704**
Amortization	**49**						**49**
Total Economic Development and Business Support	**22,222**	**0**	**173**	**0**	(560)	**0**	**21,835**
TOTAL DEPARTMENT	**49,560**	**0**	**799**	**0**	(2,501)	**0**	**47,858**

Explanation of Proposed Adjustments to Operations Expense

Key Activity / Task	Explanation of Proposed Adjustment	FG Collective Bargaining NA	Forced Growth	New Initiatives	Sunsets and Other Approved Adjustments	Internal Reallocation of Resources
Corporate Management						
Shared Services	Implementation of Financial Shared Services in Beaufort Delta	0	0	0	(104)	0
Policy Legislation & Communication	Communications Resources	0	150	0	0	0
	Total for Corporate Mgt	**0**	**150**	**0**	(104)	**0**
Minerals and Petroleum Resources						
Industrial Initiatives	Prairie Creek Socio-Economic Agreement	0	30	0	0	0
	Socio-Economic Agreement Survey Obligations	0	40	0	0	0
Minerals Oil & Gas	New Economic & Mineral Development Strategies	0	0	0	(643)	0
	Fed/Prov & Terr Energy & Mines Minister's Conference	0	227	0	0	0
	New Position Permafrost Scientist	0	25	0	0	0
				0	0	0
	Total for Minerals and Petroleum Resources	**0**	**322**	**0**	(643)	**0**
Energy						
Energy Planning	NT Energy Core Funding	0	0	0	(700)	0
	Medium/Long-term Energy Options for Inuvik	0	0	0	(100)	0
	Water Monitoring	0	0	0	(100)	0
	Regional Hydro & Renewable Energy Solutions	0	0	0	(100)	0
	Energy Plan Renewal	0	0	0	(150)	0
	Total for Energy	**0**	**0**	**0**	(1,150)	**0**
Tourism and Parks						
Tourism and Parks	Sunset - New Position - Research Analyst	0	0	0	(3)	0
	Dempster Visitors Centre	0	14	0	0	0
	North Slave Parks Enforcement and Safety	0	140	0	0	0
		0	154	0	(3)	0
Amortization		0	0	0	(41)	0
		0	0	0	(41)	0
	Total for Tourism and Parks	**0**	**154**	**0**	(44)	**0**

Economic Development and Business Support						
Investment and Economic Analysis	Hosting of Internal Trade Ministers Meeting	0	0	0	(100)	0
	New Economic & Mineral Development Strategies	0	0	0	(397)	0
	Pehdzeh Ki First Nations - WHAP	0	0	0	(63)	0
	Increased Travel Costs	0	51	0	0	0
	New Position – Business Development Administrator - Sahtu	0	122	0	0	0
		0	173	0	(560)	0
NWT BDIC						
		0	0	0	0	0
	Total for Economic Development and Business Support	**0**	**173**	**0**	(560)	**0**
TOTAL PROPOSED ADJUSTMENTS		**0**	**799**	**0**	(2,501)	**0**

Major Revenue Changes: 2012-13 Main Estimates to 2013-14 Business Plan

Revenue Item	(thousands of dollars) 2012-13 Main Estimates	2013-14 Business Plans
Interest Earned NWT Opportunities Fund	1,040	0
Parks Merchandise	15	10

Explanation:

Revenue from interest earned with the NWT Opportunities Fund was recorded by ITI in 2012-2013 to fund the New Economic and Mineral Development Strategy.

Revenue generated by the sale of parks merchandise has declined.

Proposed Adjustments to Grants and Contributions: 2012-13 Main Estimates to 2012-14 Business Plan

		(thousands of dollars)					
Key Activity	**Explanation of Proposed Adjustment**	**2013-14 Main Estimates**	**Forced Growth**	**New Initiatives**	**Sunsets and Other Approved Adjustments**	**Internal Re-allocation**	**2013-14 Business Plan**
Minerals and Petroleum Resources							
Prairie Creek Mine Socio-Economic Agreement	construction of Prairie Creek Mine in 2013-14	0	15	0	0	0	15
Total for Minerals and Petroleum Resources		0	15	0	0	0	15
Energy							
NT Energy Core Funding	sunset	700	0	0	700	0	0
Medium/Long-term Energy Options for Inuvik	sunset	100	0	0	100	0	0
Water Monitoring	sunset	100	0	0	100	0	0
Regional Hydro and Renewable Energy Solutions	sunset	100	0	0	100	0	0
Total for Energy		**1,000**	**0**	**0**	(1,000)	**0**	**0**
Tourism and Parks							
Community Tourism Infrastructure	Funding to support new and innovative tourism infrastructure	0	0	0	0	100	100
Tourism Training	Funding for short term training in tourism industry	0	0	0	0	100	100
Total for Tourism and Parks		**0**	**0**	**0**	**0**	**200**	**200**
TOTAL PROPOSED ADJUSTMENTS		**1,000**	**15**	**0**	(1,000)	**200**	**215**

Appendix II – Human Resources Reconciliation

Position Changes: 2012-13 Main Estimates to 2013-14 Business Plan

	Number of Positions	Location	Total
2012-2013 Main Estimates	171	-	171
Reductions:			
Corporate Services Officer	-1	Inuvik	-1
Corporate Services Clerk	-1	Inuvik	-1
Forced Growth:			
New - Business Development Administrator	+1	Sahtu	+1
Internal Reallocation:			
	-	-	-
New Positions:			
Devolution Coordinator*	+1	Yellowknife	+1
Total Proposed Positions 2013-14 Business Plan	171		171
Increase (Decrease)	-		-

*Funding for this position sits in the Department of Executive's budget.

Appendix III – Infrastructure Investments

Details on infrastructure investments planned for 2013-14.

Large Capital:

No large capital projects are planned for 2013-14.

Small Capital:

Tourism and Parks has planned several small capital projects for 2013-14 that deal primarily with increased numbers of parks visitors, increased demand for parks services and facilities, visitor safety, protection of assets and parks aesthetics, including:

- park loop and Recreational Vehicle (RV) upgrades at Nitainlaii Territorial Park (Inuvik Region)
- perimeter security fencing at Happy Valley Territorial Park (Inuvik Region)
- hiking trails at Gwich'in Territorial Park (Inuvik Region)
- hiking trails and interpretive signage at Nitainlaii Territorial Park (Inuvik Region)
- sports recreation area at Gwich'in Territorial Park (Inuvik Region)
- manager's residence in Hay River Territorial Park (South Slave Region)
- shower building at Lady Evelyn Falls Territorial Park (South Slave Region)
- power for group camping sites at Fort Providence Territorial Park (South Slave Region)
- power for camping sites at Queen Elizabeth Territorial Park (South Slave Region)
- RV campground expansion at Fred Henne Territorial Park (North Slave Region)
- parking lot for marina at Prelude Lake Territorial Park (North Slave Region)
- kitchen shelter at Fred Henne Territorial Park (North Slave Region)
- continued planning for the CANOL Heritage Trail (Sahtu Region)
- hiking trail and new campsites at McKinnon Territorial Park (Sahtu Region)
- kitchen shelter replacement at Blackstone Territorial Park (Dehcho Region)
- replacement of residence at Blackstone Territorial Park (Dehcho Region)

Small capital expenditures planned for 2013-14 total $2,060,000.